

EXECUTIVE SUMMARY SHEET

City of San Diego

DATE ISSUED:

REPORT NO:

ATTENTION:

Council President and City Council

ORIGINATING DEPARTMENT:

Purchasing & Contracting Department

SUBJECT:

**Approval of Cooperative Purchasing
Agreements for Maintenance, Repair and
Operations supplies.**

COUNCIL DISTRICT(S):

All

CONTACT/PHONE NUMBER:

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REQUESTED ACTION: Council authorization to enter into Cooperative Purchasing Agreements with Grainger, Waxie, Wesco, Graybar and Fastenal for Maintenance, Repair, and Operation (MRO) supplies. The contract is for a period of two (2) years beginning the date of a fully executed agreement, with options to renew for three (3) additional one (1) year periods.

STAFF RECOMMENDATIONS: Enter into the agreements with Grainger, Waxie, Wesco, Graybar and Fastenal through Cooperative Purchasing for the purchase of maintenance, repair, and operation supplies. The contract shall be for a period of two (2) years beginning with date of execution of Agreement, with options to renew for three (3) additional one (1) year periods; with an estimated annual cost of \$11 million dollars.

EXECUTIVE SUMMARY: The City currently maintains three warehouse operation sites which serve as the primary source of MRO supplies for City operations. The City spends approximately \$11.0 million per year on MRO equipment and supplies. Through their strategic sourcing initiative, Purchasing & Contracting will maximize purchasing economies with the use of competitively bid national Cooperative Agreements for MRO equipment and supplies. Use of the cooperative agreements will allow the City to obtain first choice, competitive, preferred sourcing of MRO supplies and materials, which will increase efficiencies in delivery and ordering, implement Just In Time (JIT) delivery from vendor to end User department reducing the City's need for inventory, streamline ordering/delivery/invoicing, and improve vendor accountability and transparency. City staffing will remain at current levels.

The City of San Diego will strategically contract with premier MRO suppliers using competitively solicited national Cooperative Agreements for general and specialty hardware - both retail and wholesale, building and construction equipment and materials, building supplies, tools and other related maintenance, repair and operating supplies and equipment as well as janitorial supplies and equipment. Supplies and materials will be provided to the City's warehouses and to a variety of City departments on as-ordered and as-needed basis. The MRO suppliers will meet the City's delivery timelines allowing City departments to assure projects are completed on schedule and at the most economic cost. The estimated level of activity is summarized in the attachment.

The City has the following warehouse facilities:

Facility	Address	Hours of Operation	Size
20 th & B Street	1970 B St, SD 92102	7am – 4pm	19,200 sq ft
Chollas	2773 Caminito Chollas, SD 92105	7am – 4pm	130,600 sq ft
Qualcomm Stadium	9449 Friars Rd, SD 92108-1771	7am – 1:30pm	1,156 sq ft

This action is to request Purchasing & Contracting be allowed to utilize competitively bid Cooperative Agreements for the acquisition of a full range of MRO supplies and equipment and janitorial supplies and equipment. The category examples below are descriptive of the MRO supplies and materials covered by, and to be purchased under, the Cooperative Agreements but are not restrictive and are not limited within the category.

Categories:

- CATEGORY 1: APPLIANCES (511040)
Appliances (large & small) and all ancillary supplies, tools and components
- CATEGORY 2: BUILDING MATERIALS (511081)
Acoustical Tiles, Block, Brick, Concrete (bagged), Doors, Drywall, Fencing, Insulation, Lumber, Molding, Plywood, Rebar, Roofing, Sand (bagged), Windows, and all ancillary supplies, tools and components
- CATEGORY 3: ELECTRICAL (511082)
Building Wire, Circuit Breakers and Fuses, Conduit and Electrical Boxes, Phone and Video Repair, Power Cords and Connectors, Time Switches, Tools and Meters, Wall Plates, Wiring Devices and Supplies, and all ancillary supplies, tools and components

- CATEGORY 4: FLOOR & WINDOW COVERINGS

Adhesives, Carpet, Hardwood Flooring, Mini Blinds, Plastic Laminate, Tile and Grout, Vertical Blinds, and all ancillary supplies, tools and components

- CATEGORY 5: HARDWARE (511049)

Bathroom Hardware, Batteries (dry cell), Cabinet Hardware, Chain, Commercial Door Hardware, Commercial Locksets, Fasteners, Hinges, Padlocks, Residential Locksets, Rope, Window Hardware, and all ancillary supplies, tools and components

- CATEGORY 6: HEATING, VENTILATION & AIR CONDITIONING (HVAC)
(511104 Heating) (511105 AC)

Air Filtration, Condensing Units, Evaporative Coolers, Exhaust Fans, Heaters (portable and fixed), Thermostats and Temperature Control, and all ancillary supplies, tools and components

- CATEGORY 7: IRRIGATION EQUIPMENT & SUPPLIES

Parts, Piping & Fittings, Timers, and all ancillary supplies, tools and components

- CATEGORY 8: JANITORIAL/CLEANING (511034)

Brooms, Buckets, Cleaning Supplies and Equipment, Floor Mats and Safety Tread, Hand Soaps and Sanitizers, Mops, Paper Products, Vacuums and Extractors, and all ancillary supplies, tools and components

- CATEGORY 9: LAWN, GARDEN, & LANDSCAPE (511025, 511025 – 511028)

Fertilizers, Garden Hoses, Hoes, Lawn and Landscape Equipment (gasoline and electric), Nozzles, Rakes, Shovels, and all ancillary supplies, tools and components

- CATEGORY 10: LIGHTING (511072)

Bulbs (A, Decorative, Fluorescent, Halogen, HID, Reflector), Ceiling Fans, Emergency Lighting, Fixtures (Exterior, Floodlight, Interior), Recessed and Track Lighting, Security Lighting, Wall Sconces, and all ancillary supplies, tools and components

- CATEGORY 11: MATERIAL HANDLING & STORAGE (511031)

Barriers and Protectors, Bin Containers, Hand Carts and Trucks, Shelving, Packaging Supplies, Wheels and Casters, and all ancillary supplies, tools and components

- CATEGORY 12: MOTORS/PUMPS (511052, 511053)

Fractional and Full Horse, Belts, Fans, Motor Controls, Pulleys, Starters, and all ancillary supplies, tools,

- CATEGORY 13: PAINTS & COATINGS (511084)

Abrasives, Brushes and Rollers, Caulking, Paints and Primers (all types), Pressure Washers, Spray Equipment, Spray Paint, Surface Repair, Tapes and Adhesives, Tarps, Wall and Ceiling Repair, and all ancillary supplies, tools and components

- CATEGORY 14: PLUMBING (511085)

Disposals, Faucets, Filters, Pipe and Fittings, Shower Doors, Tubs and Enclosures, Sinks and Sink Repair, Spouts and Aerators, Toilets, Water Heaters, Water Filtration and Treatment, and all ancillary supplies, tools and components

- CATEGORY 15: POOL SUPPLIES

Chemicals, Pump/Motor Units, Timers, Vacuum Equipment and all ancillary supplies, tools and components

- CATEGORY 16: SAFETY-Occupational (511062, 511042, 511065)

Back Supports, Coveralls-disposable, Eyewear, Gloves, Hearing Protection, Raincoats, Rubber Boots, Sunscreen

- CATEGORY 17: TOOLS 511107, 511108)

General Purpose- Hand Held, Ladders, Machine Type- (electric or gas operated, mobile or stationary, bench or floor mounted), Tool Boxes and Cabinets, and all ancillary supplies, tools and components

CATEGORY	ESTIMATED EXPENDITURE
Appliances	\$ 60,000
Building Materials	\$ 750,000
Electrical	\$ 1,600,000
Floor & Window Coverings	\$ 60,000
Hardware	\$ 800,000
HVAC	\$ 350,000
Irrigation Equipment & Supplies	\$ 500,000
Janitorial /Cleaning Supplies	\$ 2,400,000
Lawn, Garden, & Landscape	\$150,000
Lighting	\$ 1,600,000
Material Handling & Storage	\$ 100,000
Motors/Pumps	\$ 200,000
Paints & Coating	\$ 200,000
Plumbing	\$ 800,000
Pool Supplies	\$ 80,000
Safety	\$ 750,000
Tools	\$ 600,000

1. The Vendors all maintain a local office in San Diego County and a distribution facility within the confines of San Diego, Imperial, Riverside, Orange or Los Angeles counties.
2. The Vendors provide an Internet address to access a web-based catalog and have a proven record of E-commerce capabilities. The vendors' catalog web site(s) offers features including, but not limited to, the following:
 - a. Web-based catalog;
 - b. On-line Contract pricing;
 - c. Order status/tracking;
 - d. Order history (by cost center);
 - e. Product availability;

- f. Product technical data, illustrations, Material Data Safety Sheets (MSDS);
 - g. On-line help desk.
 - h. Ordering quantity
3. The Vendors provide interface with our existing SAP maintenance management system. The Vendor's records and billing systems for City's purchased materials interface with the City's SAP Version ECC 6.0 Platform. Vendors shall provide reports of City's purchasing history quarterly, or at City's request.
 4. The contracts will minimize out of stock situations on MRO supplies and materials, as well as provide purchasing economies of scale.
 5. The contracts will provide efficient and rapid customer service response.
 6. Each vendor will stock items, as specified by the City, for emergency preparedness.
 7. The Vendors shall assist City Departments which purchase MRO supplies with process mapping in order to make the process more efficient and effective; as well as maximize budget savings.

VENDOR	ESTIMATED EXPENDITURES IN MILLIONS
Grainger	\$ 5
Fastenal	\$.5
Wesco	\$1.5
Graybar	\$1.5
Waxie	\$2.5

ENVIRONMENTALLY PREFERABLE PURCHASING – the vendors selected in the Cooperative Purchasing Agreements will follow and adhere to the City of San Diego Administrative Regulation (AR) 35.80 outlines the City's Environmentally Preferable

Purchasing Program (EP³). EP³ requires all City departments to purchase environmentally preferable products or non-professional services whenever possible by taking into consideration appropriate environmental attributes or benefits along with price and performance standards. The following criteria are to be used in evaluating whether a given product is environmentally preferable.

In addition, AR 35.80 requires annual tracking and reporting of the City's environmentally preferable purchases. The vendors shall report the total dollar and unit volume of environmentally preferable products and/or services supplied to the City during each Fiscal Year (July 1 – June 30).

FISCAL CONSIDERATIONS: Authorize Cooperative Purchasing Agreements for an expenditure of a not-to-exceed of \$11 million total annually for MRO supplies from Fund 720040, Cost Center 1514120012, GL Account 511036.

The anticipated savings from the MRO consolidation is \$1 million annually. The projected department breakdown is as follows:

• Park & Recreation	30%
• Facilities Maintenance	30%
• Police	15%
• Fire	10%
• Public Utilities	10%
• Streets	2%
• ESD	1%
• Fleet Services	1%
• Publishing Services	1%

Currently the City CFO, Mary Lewis, is projecting these savings in the FY 12 budget. The consolidation would include P-Card purchases and Citywide Purchase Orders that currently are purchased at store locations at off the shelf pricing with no discount as the competitive process is not used.

For the Central Stores stock, the MRO consolidation enhances competitive pricing and will provide more efficient reporting on usages and stocking as all five proposed vendors have the ability to interact with SAP.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: All City Departments, with estimated usage of Park & Recreation, Facilities Maintenance, Police Department, Public Utilities, Fire, and Other Departments.

PREVIOUS STAKHOLDERSAND COMMITTEE ACTIONS: On the March 9, 2011 Rules Committee agenda.

Purchasing & Contracting

Chief Operating Officer